

**ctc technology & energy**

engineering & business consulting

# BEST PRACTICES FOR PUBLIC-PRIVATE COLLABORATION IN BROADBAND

ADECA Broadband Expansion Division

November 19, 2021

Presented by Joanne Hovis

# AGENDA

1. Technology and context
2. Overview of public-private collaboration
3. Models for broadband public-private collaboration

Facilitation  
Grantmaking  
Investment



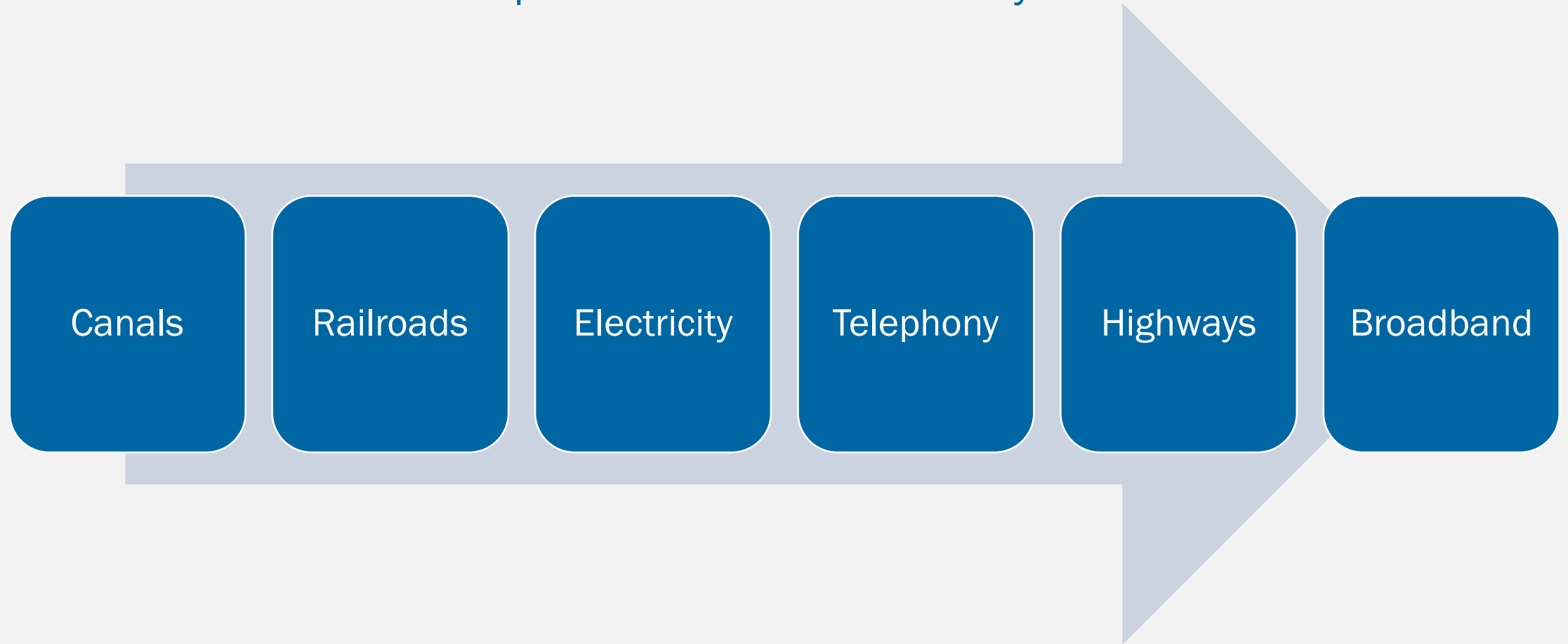
**ctc technology & energy**

engineering & business consulting

# TECHNOLOGY AND CONTEXT

# ECONOMIC FOUNDATIONS

Broadband is the economic platform of the 21<sup>st</sup> century



# THIS IS A REMARKABLE MOMENT IN BROADBAND

Both public and private sectors are engaged in broadband investment as never before

- Total federal and state funding likely to be approximately \$100 billion over 10 years
  - CARES Act
  - Rescue Plan
  - IIJA
  - State appropriations
  - Universal Service Fund (RDOF)
- Private capital likely to match public
  - Mobile wireless investment
  - Fiber-to-the-Premises

Federal funds will flow to rural areas and private funds to high return areas

**ctc technology & energy**

engineering & business consulting

# OVERVIEW OF PUBLIC- PRIVATE COLLABORATION

# THE BENEFITS OF A PARTNERSHIP STRATEGY

## Shape

- Shape broadband investment in your community
  - Use public effort to attract private capital to areas it wouldn't otherwise go
  - Leverage private capabilities while protecting public policy goals

## Increase

- Increase competitiveness of private grant applications
  - Public-private collaboration favored in many federal and state grant programs

## Mitigate

- Mitigate city/town/county risk
  - Efficiently distribute responsibility, risk, and effort

PARTNERSHIPS  
OPEN  
OPPORTUNITIES  
FOR MORE  
COMMUNITIES

---

Expand community options

---

Allow for creative broadband efforts by urban and suburban communities, not only rural

---

Enable communities with demographics or geographies that don't currently attract private capital to shift that calculus—changing the math on private investment



PARTNERSHIPS  
ARE  
INCREASINGLY  
OF INTEREST  
TO A WIDE  
RANGE OF  
PRIVATE  
COMPANIES

---

Competitive ISPs

---

Incumbents

---

Private equity and infrastructure  
investors

---

P3 investors considering  
expanding to new asset classes

---


Electric cooperatives

# PARTNERSHIP GOALS

Best-in-class broadband infrastructure

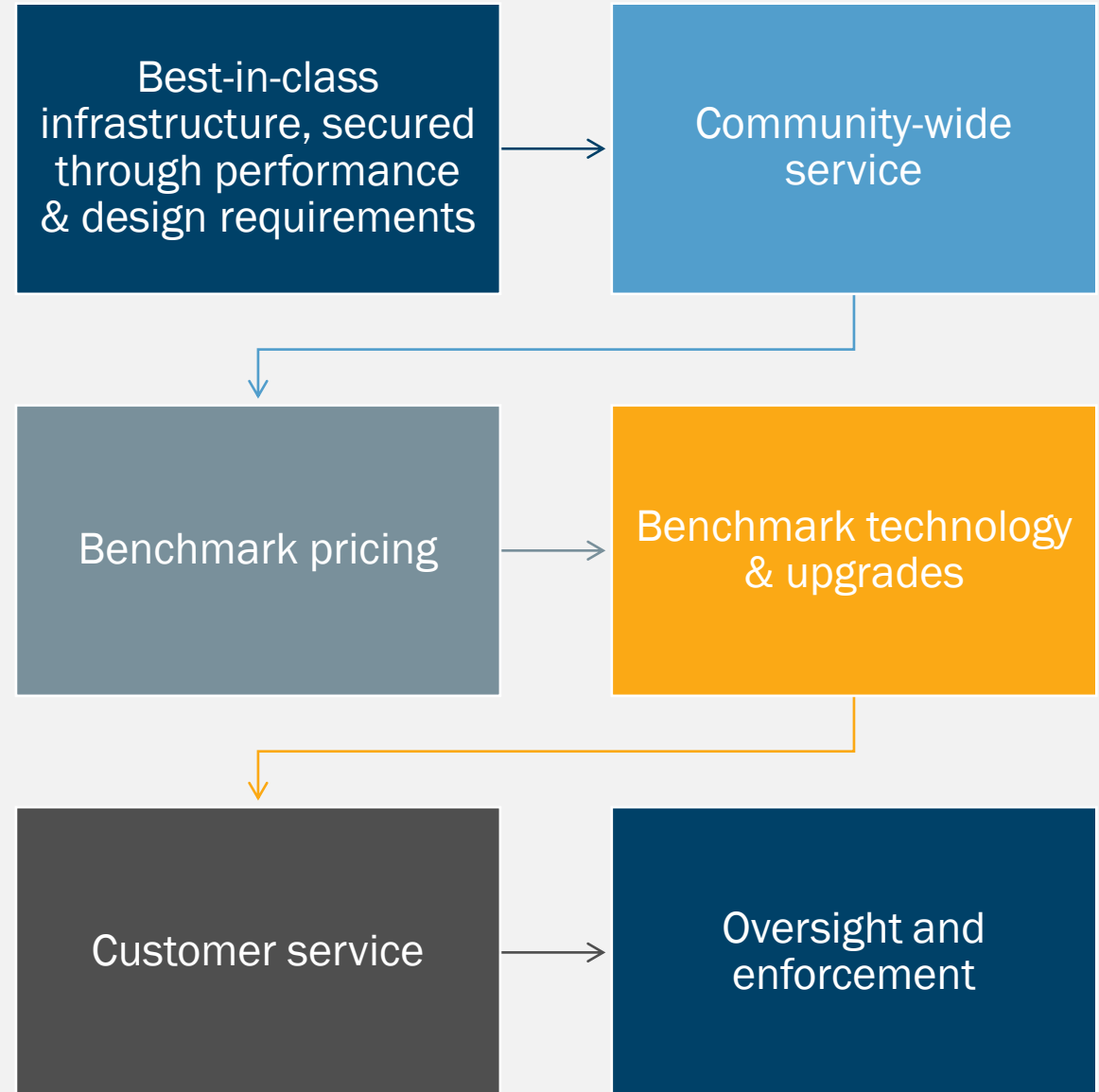
A light blue downward-pointing arrow indicating a flow from the first goal to the second.

Filling geographic gaps based on rurality/density

A light blue downward-pointing arrow indicating a flow from the second goal to the third.

Filling geographic gaps based on demographics

# CONSIDERATIONS FOR YOUR PARTNERSHIP



# Broadband Grants and Public-Private Collaboration

## A three-party framework for analysis

Goals of the community's initiative	Leverage private execution capabilities
	Share risk
	Improve grant competitiveness
Goals of the potential private partners	Secure community facilitation with process and execution
	Access public assets
	Improve grant competitiveness
Goals of the granting agency	Support mission
	Reduce risk



**ctc technology & energy**

engineering & business consulting

# MODELS FOR COLLABORATION

# SUMMARY OF PARTNERSHIP STRATEGIES

---

## Facilitation model

The community makes efforts to make investment more attractive for companies

This can be by lowering costs as well as by increasing revenues

---

## Grant model

The community makes a grant to the company

The company makes enforceable commitments to build infrastructure and deliver service

---

## Investment model

Private partner designs and builds with public funds

Private partner operates and provides service to the public

---

# MODEL 1 STRATEGIES

## Facilitation involves reducing costs and increasing revenues

### Streamline processes & share data

- Permitting
- Inspections
- Access to assets
  - Fiber
  - Conduit
  - Real estate
  - Vertical assets for placement of wireless facilities
- Document and share data regarding your processes and your assets

### Increase adoption

- Outreach campaign to those who do not subscribe
- Help eligible households access federal subsidy programs
  - Emergency Broadband Benefit
  - Affordable Connectivity Program
  - Lifeline
- Requires community-specific strategy
  - No one knows your community better than you do

### Strategy and goal

- Attracting private investment in broadband is often a numbers game
- Investors will deploy in areas where return is greatest, i.e., where costs are lowest relative to revenues
- Your community has the potential to reduce ISP costs by sharing data and assets and by ensuring efficient processes
- Your community has the potential to increase ISP revenues by helping eligible households get federal subsidy

# MODEL 2 STRATEGIES

## Grantmaking involves bridging the private sector business case

### Sources of grants

- Local funds
- Federal funds
  - Dept. of the Treasury has generally approved use of ARPA Fiscal Recovery funds for broadband, so long as the investment covers some locations where broadband does not currently exist

### Alternative grant strategies

- Use of traditional economic development incentives function as effective grants
- Foregone revenues do the same

### Strategy and goal

- In this approach, the community makes a grant to a private internet service provider in return for commitments to deploy broadband
- Once again, we are playing a numbers game
- Investors deploy in areas where return is greatest
- Your community has the potential to make investment more attractive through grants
- It's critical that you secure enforceable promises in return



# MODEL 3 STRATEGIES

Investment involves building your own assets and then making them available to your private partner

## Sources of capital

- Local funds
- Federal funds
  - Dept. of the Treasury has generally approved use of ARPA Fiscal Recovery funds for broadband, so long as the investment covers some locations where broadband does not currently exist

## Private sector interest

- This model can be attractive to smaller providers who lack capital
- Larger companies (such as Google Fiber in Huntsville) have also embraced this model

## Strategy and goal

- In this approach, the community funds construction of broadband infrastructure that it will own, but will be operated in the long term by a private partner
- As with any model, it's critical that you secure enforceable promises in return for access to your assets

# SUMMARY OF PARTNERSHIP STRATEGIES

Each model for partnership offers different levels of benefit and risk

Community strategy	Level of effort	Potential impact	Potential risk
Facilitation	high	modest	low
Grant	low	high	low to modest
Investment	high	high	high

**ctc technology & energy**  
engineering & business consulting

● JOANNE HOVIS  
jhovis@ctcnet.us